

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7139

BILL NUMBER: HB 1526

DATE PREPARED: Jan 8, 2001

BILL AMENDED:

SUBJECT: Health Insurance for Motor Carrier Inspectors.

FISCAL ANALYST: Jim Landers

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: The bill permits Indiana State Police motor carrier inspectors to elect to participate in health care benefits offered under a State Police Department self-insurance plan or a state employee health benefit plan.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill could potentially have a minimal impact. The impact would depend upon (1) the number of motor carrier inspectors shifting from the State Police self-insurance plan to a state employee health benefit plan and (2) the type of coverage obtained by the inspectors. If all current motor carrier inspectors were to change to the state employee health benefit program, the cost of health benefit contributions by the state could potentially decrease by an estimated \$17,000 annually based on the average employer contributions for single and family combined medical, dental, and vision coverage.

Background: The January 4, 2001, Manning Table indicates that 99 motor carrier inspectors are employed by the Indiana State Police (with 17 additional motor carrier inspector positions vacant). Generally, the employee contributions for health care coverage under the State Police self-insurance plan are substantially higher than the employee contributions for health care coverage under the state employee health benefit plans. (According to State Police Human Resources Division, this difference in contribution rates exists because the State Police self-insurance plan provides superior coverage in terms of covered services, deductibles, and co-payments.) The average employer contribution for single combined medical, dental, and vision coverage under the state health benefits plans is estimated to be about 2.91% higher than for those coverages under the State Police self-insurance plan. Conversely, the average employer contribution for family combined medical, dental, and vision coverage under the state employees health benefits plans is estimated to be about 3.45% lower than under the State Police self-insurance plan. Thus, the state contribution costs, on average, could potentially increase when inspectors shift single coverage to the state employees health benefits plans; and could potentially decline when inspectors shift family coverage to the

state plans.

If all current motor carrier inspectors changed to the state employee health benefits plan for medical, dental, and vision coverage, the state could potentially experience a net savings due to a net decrease in employer contributions for employee health benefits. This assumes that all of the inspectors currently purchase medical, dental, and vision coverage and will continue to do so upon shifting to the state employee health benefit plans. It also assumes that 32.5% of the inspectors will obtain single coverage (equal to the percentage of employees obtaining single coverage through the state health benefit plan as of November 2000). On this basis, it is estimated that 32 inspectors would shift their single combined medical, dental, and vision coverage to the state employee health benefits plans and 67 inspectors would shift their family coverage to the state plan. This would result in a net savings in state contributions of approximately \$17,000 annually (\$3000 in increased employer contributions for those obtaining single coverage and \$20,000 in decreased employer contributions for those obtaining family coverage).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Police, State Department of Personnel.

Local Agencies Affected:

Information Sources: Tom Kenney, Indiana State Police, 232-8275.